

# JANUARY

## 2024

# THE ROAD TO RETIREMENT

OUR MONTHLY GUIDE TO EVERY MILEPOST, JUNCTION,  
AND LANDMARK ON YOUR ROAD TO RETIREMENT.



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## WHAT'S ON OUR MINDS THIS MONTH

Happy New Year! As a financial advisor, this is one of my favorite times of the year. People all over the world are recommitting themselves to doing more of what they love. Goals are set, plans are laid, dreams are dreamt.

This is also the time of year where my team and I recommit *ourselves* to helping people achieve those goals and dreams. It's our profession *and* our passion. I can't wait for the opportunity to help you accomplish some of your goals this year!

With that in mind, this month's issue is centered around resolutions. Specifically, three resolutions that will help you get further down *The Road to Retirement*.

A new year is like a blank canvas just waiting to be painted on. A fresh block of clay just waiting to be sculpted. A newly-opened jar of peanut butter, the top all creamy and smooth, just waiting to be dug into. It's a magical time, and one I am personally grateful for. So, as you prepare to embark on a new 365-day journey around the sun, please let me know if I can ever be of service. Have a great month and a great year!

# WHAT'S AROUND THE BEND: RESOLUTION #1 – GET TO KNOW YOUR 401(K)

A new year means a chance to make some new resolutions. But this year, in addition to the usual goals we all tend to set (like going to the gym, spending more time with family, etc.), I suggest doing something a little different: *Resolve to actually start preparing for retirement.*

One of the best ways to do that is to get to know your 401(k). A 401(k) is one of the most common ways to save for retirement, but many pre-retirees know very little about them other than whether they have one. Here are a few questions to ask regarding your 401(k):

- 1. Look at the menu of investment options in your 401(k).** Have you made your selections purposefully, or did you just accept whatever the plan provider chose for you?
- 2. Many plans allow you to invest at different levels of risk.** Are you investing aggressively, moderately, or conservatively? Do you know the difference? Do you know which is right for you?
- 3. Many 401(k)s are invested in one or more investment funds.** Each of these funds contains a prospectus, which is a document that describes how the fund works, including its objectives, strategy, past performance, and expenses. Have you read your prospectus? Do you understand how the funds in your 401(k) are supposed to work? Do their objectives match their own?
- 4. What will you do with your 401(k) after retirement?** You have three basic options: leave the money where it is, cash out, or roll it over to an IRA/Roth IRA. Do you know which is best for you?

A 401(k) is an absolutely indispensable retirement saving tool. If you have one, you owe it to yourself to learn more about how it works, how it's performing, and whether the investments inside are right for you. So, as you set your New Year's Resolutions, put "Getting to know your 401(k)" high up on the list.

## QUOTES WE'VE BEEN THINKING ABOUT:

**“Life is like riding  
a bicycle. To  
keep your  
balance, you  
must keep  
moving.”**

— ALBERT EINSTEIN

# WHAT'S OVER THE NEXT HILL: RESOLUTION #2 – DECIDE WHERE YOU WANT TO LIVE IN RETIREMENT

Where you live is one of the most important retirement decisions you will ever make. It affects *everything*. What goals you can accomplish, your lifestyle, how much money you'll need to set aside in monthly expenses...all of this will be impacted by where you choose to live. This is not a decision that has to be made immediately, of course – but it's definitely something you will need to think about sooner or later. And the sooner you think about it, the sooner other parts of your retirement will come into focus.

Some people daydream about living on the beach in retirement. Others just assume they'll stay where they currently are. But this year, resolve to actually start *planning* where you'll live. You can begin by asking yourself the following questions:



1. Do you like the climate of the city where you live now or are planning to move to? Very few people want to shovel snow during their golden years, but you may not want to live in an area with high temperatures and humidity either.



2. What is the cost-of-living and the property-tax rate in your area, or the area you've always dreamed of retiring to? Many a retirement has been ruined by not considering everything that can impact spending. Moving to an area with a lower cost-of-living can be an easy way to get some extra mileage out of your retirement income.



3. Are the housing prices within your budget?



4. Is there good health care within a reasonable distance? This is a concern that grows with time. It might not seem like a big issue at 65, but by the time you get to 75 it could change everything.



5. Does your location offer easy access to activities you enjoy? Most importantly, does it bring you closer to the people you love?

Of course, there are other factors to consider. The point is to start thinking about the issue – it will make all other aspects of retirement that much easier to figure out!

# WHAT'S ON THE HORIZON: RESOLUTION #3 – GET YOUR ESTATE PLANS IN ORDER

Over the next few issues of this newsletter, we're going to take a deeper dive into the topic of estate planning. Let's start with an estate planning resolution: Getting certain key documents in order this year. These four are especially important:

**POWER OF ATTORNEY:** Your PoA allows you to appoint someone to act on your behalf to make legal decisions about your property and finances. That person, usually referred to as an "agent," could be a trusted friend, a family member, or an experienced, reputable professional.

Power of attorney is crucial should you ever become ill or disabled to the point where you can no longer make important decisions yourself. Keep in mind, however, that granting someone power of attorney is a huge decision in and of itself. Give careful thought before making your choice. Whomever you select should be trustworthy, reliable, and mature enough to handle the responsibility.

**MEDICAL DIRECTIVES:** A second document is your Advance Medical Directive. This catch-all term refers to health care directives, living wills, medical powers of attorney, and other personalized directives. All of these documents allow you to legally express your preference for continued health care should you become terminally ill. Just as important as having a will is keeping it updated. Just as your life is always changing, your will must change with it whenever appropriate.

**LETTER OF INSTRUCTIONS:** This is a document giving your survivors information about important financial and personal matters to attend to after your passing. You don't need an attorney to prepare it. Although it doesn't carry the legal weight of a will, and is in no way a substitute, your Letter of Instructions will clarify any special requests you want carried out after death.

**YOUR WILL:** Finally, of course, we have your will. A will states how you want your belongings divvied up amongst your loved ones after you pass away. Otherwise, the government will determine how to distribute your property, which may even end up belonging to the state if you don't have an appropriate will stating otherwise.

Having each of these documents prepared ahead of time can relieve your family of needless worry and expense. Let me know if I can ever help you with any of them!

# WATCHING THE WEATHER: MARKET CONDITIONS ON THE ROAD TO RETIREMENT (DEC-JAN)



The markets finished the year on a positive note in December. The upswing that began at the end of October continued through the final month of the year, largely buoyed by continuously positive economic news. Consumer prices ticked downwards yet again, with the inflation rate at [3.1% as of the end of November](#). The labor market continues to be healthy, with unemployment [hovering around 3.7%](#). And while holiday spending was lower than it was in 2022 – retail sales [rose 3.1%](#) between November 1 and December, compared to 7.6% last year – consumers are still spending.

For the year, [the S&P 500 rose 24.2%, and the Dow 13.7%](#). That's a very healthy recovery from 2022, when SP fell around 19%.

## HERE'S WHAT WE'RE KEEPING AN EYE ON IN JANUARY & BEYOND

Many of the same storylines that drove the markets in 2023 will continue into 2024. Investors will continue monitoring inflation, because that will provide clues as to whether the Federal Reserve will lower interest rates or maintain their current level. And while the U.S. economy successfully avoided a recession in 2023 – counter to most economists' predictions – experts will be anxious to see whether the effect of last year's interest rate hikes were merely delayed into the New Year.

Another thing to keep an eye on is how many investors decide to realize their gains from 2023 by selling some of their investments early in January. If that happens, we may see some short-term volatility in the markets.

Finally, it's important to note that while the markets performed extremely well in 2023, much of this was driven by a small handful of stocks. The broader market didn't post exactly the same kind of numbers. If that small handful starts to underperform – or if other stocks don't catch up – then we may not see the same kind of momentum in 2024 as we did in 2023.

As always, my team and I will keep monitoring the markets closely. In the meantime, I wish you a great January and a happy New Year! Good luck with your resolutions!

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